

NATURAL GAS PIPELINE SAFETY ACT
AUTHORIZATION

MAY 17 (legislative day, MAY 14), 1984.—Ordered to be printed

Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation, submitted the following

REPORT

[To accompany S. 2688]

The Committee on Commerce, Science, and Transportation, having considered an original bill (S. 2688) to amend the Natural Gas Pipeline Safety Act of 1968 and the Hazardous Liquid Pipeline Safety Act of 1979 to authorize appropriations for fiscal years 1985 and 1986, and for other purposes, reports favorably thereon and recommends that the bill do pass.

PURPOSE OF BILL

It is the purpose of this bill to authorize \$7,200,000 and \$7,668,000 for fiscal years 1985 and 1986, respectively, to carry out the Natural Gas Pipeline Safety Act of 1968, and to authorize \$1,400,000 and \$1,543,000 for fiscal years 1985 and 1986, respectively, to carry out the Hazardous Liquid Pipeline Safety Act of 1979.

BACKGROUND AND NEEDS

The Department of Transportation [DOT] is responsible for carrying out the provisions of the Natural Gas Pipeline Safety Act of 1968 [NGPSA] and the Hazardous Liquid Pipeline Safety Act of 1979 [HLPESA]. DOT's pipeline safety program is administered by the Materials Transportation Bureau [MTB] of the Research and Special Programs Administration [RSPA]. Under the NGPSA and the HLPESA, DOT is responsible for developing and enforcing regulations for the safe transportation by pipeline of natural gas and other hazardous liquids, such as gasoline and fuel oil. It also is responsible for doing pipeline safety research, and for managing the State pipeline grant-in-aid programs.

DOT is assisted in its natural gas pipeline safety responsibilities by the 47 States and the District of Columbia which participate in the grant-in-aid program provided for by the NGPSA. Under this program, States that adopt DOT safety regulations governing intrastate natural gas pipelines are authorized to enforce the regulations. The States also may exercise DOT's inspection authority on interstate natural gas pipelines. The NGPSA provides that States participating in the grant-in-aid program may be reimbursed by DOT for up to 50 percent of their costs. Currently, DOT is reimbursing these States for approximately 30 percent of their costs.

The HLPISA also provides for a grant-in-aid program pursuant to which participating States may enforce any DOT safety regulations dealing with intrastate hazardous liquid pipelines. However, DOT has not yet issued rules on intrastate hazardous liquid pipelines. According to DOT, it has delayed implementing such rules in order to allow States to enact enabling legislation and to develop the other enforcement tools required to administer State safety programs. To date, 16 States have passed enabling legislation, and 6 others are seeking to do so. In view of this, DOT has issued a notice of proposed rule-making to extend its existing hazardous liquid pipeline regulations to intrastate pipelines. DOT expects to issue its rule by the end of the calendar year.

In addition to receiving assistance from the States, DOT is aided by two technical pipeline safety advisory committees, which are mandated by the NGPSA and the HLPISA. These committees are composed of representatives of industry, government, and the public. They meet on the average once a year to evaluate proposed pipeline safety standards and to report to DOT on the standards' technical feasibility, reasonableness, and practicability.

This year, the committee held a hearing to consider appropriate funding levels for fiscal years 1985 and 1986 to support DOT's pipeline safety program. In doing so, the committee examined the effectiveness of the current program, and a variety of related issues. In reviewing the issues related to DOT's implementation of the NGPSA, the committee considered the possible effect of DOT's proposals to reduce funding for the Federal training program for State pipeline inspectors, and to continue funding for the natural gas pipeline grant-in-aid program at the same levels as in fiscal years 1983 and 1984. On the hazardous liquid pipeline grant-in-aid program, the committee examined the question of whether States would be likely to start participating in the program if no Federal funding were provided. The committee also considered whether the pipeline safety advisory committees are being underutilized and lack sufficient direction from DOT.

LEGISLATIVE HISTORY

On April 24, 1984, the Surface Transportation Subcommittee held a hearing to examine the pipeline safety program and specifically to consider the appropriate levels for both the Federal natural gas and hazardous liquid pipeline safety programs and the State natural gas and hazardous liquid pipeline safety enforcement grant-in-aid pro-

grams. The subcommittee heard testimony from the Administrator of RSPA within DOT and representatives of the National Association of Regulatory Utility Commissioners and the oil and gas pipeline industries.

On May 2, 1984, the full committee in open executive session considered an original bill providing authorizations for DOT's program and the State grant-in-aid programs. The committee by voice vote unanimously ordered the bill favorably reported.

ESTIMATED COSTS

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget Act of 1974, the committee provides the following cost estimate, prepared by the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., May 15, 1984.

Hon. BOB PACKWOOD,
*Chairman, Committee on Commerce, Science, and Transportation,
U.S. Senate, Dirksen Senate Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for a bill to amend the Natural Gas Pipeline Safety Act of 1968 and the Hazardous Liquid Pipeline Safety Act of 1979 to authorize appropriations for fiscal years 1985 and 1986, and for other purposes.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

RUDOLPH G. PENNER.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: Not yet assigned.
2. Bill title: A bill to amend the Natural Gas Pipeline Safety Act of 1968 and the Hazardous Liquid Pipeline Safety Act of 1979 to authorize appropriations for fiscal years 1985 and 1986, and for other purposes.
3. Bill status: As ordered reported by the Senate Committee on Commerce, Science, and Transportation, May 9, 1984.
4. Bill purpose: The bill authorizes total appropriations of \$7.2 million for fiscal year 1985 and \$7.7 million for fiscal year 1986 for administration and grants-in-aid activities conducted under the Natural Gas Pipeline Safety Act of 1968. It also authorizes \$1.4 million for fiscal year 1985 and \$1.5 million for fiscal year 1986 for activities conducted under the Hazardous Liquid Pipeline Safety Act of 1979, including administration and grants-in-aid to states. The bill changes from June 15 to April 15 the date by which the Secretary of Transportation must submit a report to the President on the administration of each of these acts.

5. Estimated cost to the Federal Government:

Authorization level:

Fiscal year:

Millions

1985	-----	\$8.6
1986	-----	9.2
1987	-----	---
1988	-----	---
1989	-----	---

Estimated outlays:

Fiscal year:

1985	-----	5.6
1986	-----	9.0
1987	-----	3.2
1988	-----	---
1989	-----	---

The costs of this bill fall within budget function 400.

Basis of estimate: For the purpose of this estimate, it is assumed that the full amounts authorized will be appropriated prior to the beginning of each fiscal year. The authorization levels are those specified in the bill. Estimated outlays are based on recent historical spending patterns of the Hazardous Materials Transportation Bureau of the Department of Transportation, which administers the above programs.

6. Estimated cost to State and local governments: This bill authorizes State grants of \$3.7 million in 1985 and \$4 million in 1986 for the natural gas pipeline safety program. It also authorizes \$0.5 million in 1985 and \$0.6 million in 1986 for grants to States for the hazardous liquid pipeline safety program. These grants may be used to cover up to 50 percent of State program costs.

7. Estimate comparison: None.

8. Previous CBO estimate: On May 14, 1984, CBO prepared a cost estimate for H.R. 5313, as ordered reported by the House Committee on Energy and Commerce, May 8, 1984. That bill does not include funding for grants-in-aid to States under the Hazardous Liquid Pipeline Safety Act of 1979, but authorizes funding for surveying pipeline facilities. The estimated costs reflect these differences.

9. Estimate prepared by: Kathleen Kelly.

10. Estimate approved by: James L. Blum, Assistant Director for Budget Analysis.

REGULATORY IMPACT STATEMENT

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the committee reports that the legislation will have no significant regulatory impact. With respect to economic impact, the funding levels in the bill are modest and will not have a major impact on the Nation's economy. The authorization levels for the Federal natural gas and hazardous liquid pipeline programs and the State natural gas grant-in-aid program are intended to continue the current safety efforts. Thus, in this regard the bill will not result in an increase in the number of persons regulated or the cost of regulation to any person, nor adversely affect the privacy of any person or change existing paperwork requirements. The bill also authorizes funds for the State hazardous liquid grant-in-aid program, which if appropriated would provide the first funding for this program. However, there would still be no major regulatory impact, as this program

would be strengthening existing enforcement of an existing regulatory program. Finally, the legislation provides that the annual pipeline safety reports from DOT need not be transmitted to the President prior to submission to Congress, thus reducing paperwork.

SECTION-BY-SECTION ANALYSIS

SECTION 1

This section provides an authorization for appropriations to cover the natural gas pipeline safety program. Specifically, subsection (a) authorizes \$3,472,000 for fiscal year 1985 and \$3,698,000 for fiscal year 1986 for the Federal program. Subsection (b) authorizes \$3,728,000 for fiscal year 1985 and \$3,970,000 for fiscal year 1986 for the State grant-in-aid program.

The fiscal year 1985 authorization for the Federal program is \$72,000 more than the administration's request, and the fiscal year 1986 figure represents a 6.5-percent increase over the fiscal year 1985 amount to cover inflation. The increase of \$72,000 for fiscal year 1985 represents part of the cost to the Federal Government of training State safety inspectors at the Transportation Safety Institute in Oklahoma. The committee believes that the cost of training State inspectors should continue to be covered by the Federal Government.

In this regard, the committee understands that DOT is attempting to transfer the costs of transportation research, development, and technical assistance efforts to the non-Federal arena where possible. While the committee agrees that under certain such circumstances Federal costs should be minimized if non-Federal funds are available and adequate to do what is necessary, the committee strongly believes that the Federal Government continues to have primary responsibilities in transportation safety. One such responsibility is that of training for enforcement of the Federal law. Thus, the committee is authorizing Federal funds for Federal training of State pipeline inspectors, who participate in the State enforcement grant-in-aid programs—funding which the State representatives supported in testimony before the committee. Given the importance of the State enforcement program, the need for high-quality training of State inspectors to insure strengthened and more consistent enforcement of Federal pipeline safety laws, and limited State funds, the committee believes that this funding is appropriate.

The State grant-in-aid program provides that the Federal Government can cover up to 50 percent of the costs incurred by a State which agrees to establish a program to enforce the Federal pipeline safety laws. This program was established to strengthen enforcement, and the committee believes that the program continues to be an integral part of the pipeline safety enforcement efforts. Thus the reported legislation authorizes an amount which represents a 6.5 percent increase for inflation over the amount of \$3.5 million appropriated for fiscal year 1984. The amount authorized is higher than the administration's request in order to insure at least the current level of participation by the States at the current 30-percent average cost coverage by the Federal Government.

The committee notes the request of the National Association of Regulatory Utility Commissioners [NARUC] on behalf of the States to increase the funding of the State program to insure that the full 50 percent Federal funding level allowable under the law can be provided. While the committee is not approving that level of increase at this time, it is providing funds to insure the current level of State participation, which the committee strongly supports and feels certain will be maintained with the reported authorization. The committee will continue to review the funding needs of this important program.

SECTION 2

This section provides an authorization for appropriations for the hazardous liquid pipeline safety program. Specifically, subsection (a) authorizes \$900,000 for fiscal year 1985 and \$958,000 for fiscal year 1986 for the Federal program. Subsection (b) authorizes \$500,000 for fiscal year 1985 and \$585,000 for fiscal year 1986 for the State grant-in-aid program.

The committee is recommending a fiscal year 1985 level of funding for the Federal hazardous liquid pipeline program equal to that requested by the administration, and a fiscal year 1986 figure which represents a 6.5 percent increase over the fiscal year 1985 amount to cover inflation. The committee believes that these authorization levels are adequate to continue the current level of DOT operations in this area.

With respect to the hazardous liquid grant-in-aid program, the administration did not request any funding for fiscal year 1985. However, the committee believes that this program should be funded. Since the establishment of this program in the Hazardous Liquid Pipeline Safety Act of 1979, no funds have been appropriated, as it was felt that not enough States had made the necessary legislative and financial commitments. However, 16 States are now ready to participate in the program if funds are made available, and 6 other States are in the process of taking the necessary action. Given the interest that the States have shown, the committee agrees with NARUC and the States that funds should be made available for this program to insure that the intent of the 1979 legislation is carried out. As with the natural gas pipeline safety grant-in-aid program, the committee believes that the State hazardous liquid pipeline program will provide an important supplement to the existing Federal enforcement program at lower cost to the Federal Government, and will promote a more uniform pipeline safety program.

The committee is concerned that DOT is not making sufficient use of the two pipeline safety advisory committees, which have been mandated by law. Accordingly, the committee recommends that DOT consider expanding the scope of the committees' responsibilities to more appropriately take advantage of the members' experience and technical expertise in the field of pipeline transportation. Further, DOT should direct the committees to provide more general program guidance and consultation. This should take the form of identifying problems and issues of concern to the pipeline transportation industry and to State and local government regulatory officials; evaluating possible approaches and solutions; and communicating to DOT broad-based, non-Federal recommendations.

SECTION 3

This section makes two minor changes in the existing pipeline safety laws with respect to the annual pipeline reports that DOT provides Congress. First, the section amends both the Natural Gas Pipeline Safety and the Hazardous Liquid Pipeline Safety Acts to eliminate the unnecessary requirement that those annual DOT reports be sent to the President for final transmittal to Congress. Under the bill, the reports would be sent directly from DOT to Congress. Second, this section changes the date for submission of these reports from June 15 to April 15 of each year to insure that the committee has available the reports for use in its deliberations on the pipeline safety programs and their funding.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new material is printed in *italic*, existing law in which no change is proposed is shown in roman) :

THE NATURAL GAS PIPELINE SAFETY ACT OF 1968

SECTION 16 OF THAT ACT

SEC. 16. (a) The Secretary shall prepare and submit [to the President for transmittal] to the Congress on [June 15] *April 15* of each year a comprehensive report on the administration of this Act for the preceding calendar year. Such report shall include—

- (1)-(11) * * *
(b) * * *

SECTION 17 OF THAT ACT

SEC. 17. (a) For the purpose of carrying out the provisions of this Act (other than provisions for which funds are authorized to be appropriated under subsection (b)), there are authorized to be appropriated—

(1) \$6,200,000, for the fiscal year ending September 30, 1980;
[and]

(2) \$6,900,000, for the fiscal year ending September 30, 1981
[.];

(3) *\$3,472,000, for the fiscal year ending September 30, 1985;*
and

(4) *\$3,698,000, for the fiscal year ending September 30, 1986.*

(b) For the purpose of carrying out the Federal grants-in-aid provisions of section 5(d) of this Act, there are authorized to be appropriated—

(1) \$4,500,000, for the fiscal year ending September 30, 1980;
[and]

(2) \$5,500,000, for the fiscal year ending September 30, 1981
[.];

(3) *\$3,728,000, for the fiscal year ending September 30, 1985;*
and

(4) *\$3,970,000, for the fiscal year ending September 30, 1986.*

THE HAZARDOUS LIQUID PIPELINE SAFETY ACT OF 1979

SECTION 213 OF THAT ACT

SEC. 213. (a) The Secretary shall prepare and submit [to the President for transmittal] to the Congress on [June 15] *April 15* of each year a comprehensive report on the administration of this title for the preceding calendar year. Such report shall include—

- (1)–(11) * * *
(b)–(3) * * *

SECTION 214 OF THAT ACT

SEC. 214. (a) For the purpose of carrying out the provisions of this title (other than provisions for which funds are authorized to be appropriated under subsection (b)), there are authorized to be appropriated—

- (1) \$1,800,000, for fiscal year ending September 30, 1980;
[and]
(2) \$2,100,000, for fiscal year ending September 30, 1981[.];
(3) *\$900,000, for the fiscal year ending September 30, 1985; and*
(4) *\$958,500, for fiscal year ending September 30, 1986.*

(b) For the purpose of carrying out the Federal grants-in-aid provisions of section 205 of this title, there are authorized to be appropriated—

- (1) \$500,000, for the fiscal year ending September 30, 1980;
[and]
(2) \$535,000, for the fiscal year ending September 30, 1981[.];
(3) *\$500,000, for the fiscal year ending September 30, 1985; and*
(4) *\$585,000, for the fiscal year ending September 30, 1986.*

